

## Message Text

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INFO OCT-01 EUR-25 IO-14 ISO-00 FMC-04 COME-00 OMB-01

TAR-02 SP-03 SWF-02 AGR-20 AID-20 CIAE-00 INR-10

LAB-06 NSAE-00 OIC-04 RSC-01 SIL-01 STR-08 TRSE-00

CIEP-02 CEA-02 EA-11 FRB-02 NEA-14 OPIC-12 DODE-00

DOTE-00 CG-00 COA-02 DLOS-07 L-03 PA-04 PRS-01 USIA-15

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FMC: MR. SMITH (INFO.)

IO/CMD - MR. YODER, PARA. 7

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TO USMISSION OECD PARIS

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E.O. 11652:N/A

TAGS: ETRN, OECD, UNCTAD

SUBJECT: OECD MARITIME TRANSPORT COMMITTEE SPECIAL GROUP

ON UNCTAD, PARIS, JUNE 25-28, 1974: COORDINATION ON UNCTAD

COMMITTEE ON SHIPPING

1. FOLLOWING IS GUIDANCE FOR USDEL PARTICIPATION IN MTC  
DISCUSSION OF UNCTAD COMMITTEE ON SHIPPING (COS) MEETING  
(JULY 29-AUGUST 9). USDEL SHOULD DRAW ALSO ON DRAFT  
POSITION PAPERS FOR COS.

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2. GENERAL. IN VIEW OF LARGE NUMBER INTERNATIONAL MEET-

INGS ON SHIPPING RECENTLY, INCLUDING UNCTAD CODE OF CONDUCT, WE ANTICIPATE UNCTAD COMMITTEE ON SHIPPING MEETING WILL BE RELATIVELY LOW-POWERED. U.S. PLANS MOREOVER TO PLAY LOW-KEYED ROLE. MANY OF COS AGENDA TOPICS AND CORRESPONDING DOCUMENTS ARE LARGELY TECHNICAL AND UNLIKELY TO PROVOKE MUCH DISCUSSION AT THE COS MEETING. FOLLOWING ARE COMMENTS ON MAJOR COS AGENDA ITEMS.

3. ECONOMIC COOPERATION IN MERCHANT SHIPPING (COS AGENDA ITEM 4). THIS AGENDA ITEM ORIGINATES WITH EASTERN BLOC-INITIATED RESOLUTION AT UNCTAD-III, WHICH US SUPPORTED. U.S. DOES NOT PLAN ANY NEW INITIATIVES OR PROPOSALS ON THIS SUBJECT. WE HAVE NO INFORMATION ON SOVIET INTENTIONS AT COS BUT WE SUSPECT ON BASIS OF INFORMAL DISCUSSIONS IN MARCH THAT THEY HAVE LITTLE IN THE WAY OF NEW

PROPOSALS. THERE IS LITTLE DOCUMENTATION ON WHICH TO BASE PRODUCTIVE DISCUSSION; SECRETARIAT DOCUMENT TD/B/C.4/113 IS MAINLY DESCRIPTIVE AND VERY SKIMPY ON SUGGESTED AREAS OF COOPERATION. IN GENERAL WE WILL BE STRONGLY GUIDED BY DESIRE TO AVOID A) DUPLICATION OF WORK BEING DONE IN OTHER INTERNATIONAL BODIES AND B) UNDERTAKING OF INTERNATIONAL COOPERATION EFFORTS IN HIGHLY POLITICIZED UNCTAD WHICH MIGHT BE MORE EFFECTIVELY ACCOMPLISHED ELSEWHERE.

4. FOLLOWING ARE GENERAL COMMENTS ON INDIVIDUAL SUGGESTIONS CONTAINED IN CHAPTER 4 OF SECRETARIAT PAPER 113.

A) PROMOTION OF SHIPPING: ALTHOUGH U.S. HAD PREVIOUSLY ADVOCATED HARMONIZATION OF GOVERNMENT POLICIES IN THIS FIELD IN EARLIER UNCTAD MEETINGS ON THE CODE, FINAL OUTCOME ON CARGO-SHARING IN CODE OF CONDUCT LEADS US TO BELIEVE THAT TIME NOT PROPITIOUS FOR FURTHER INTERNATIONAL COOPERATIVE EFFORT IN THIS AREA. WE BELIEVE IT ESPECIALLY UNWISE TO EMBARK ON NEW INITIATIVES IN THIS AREA UNTIL DUST HAS SETTLED FROM RECENT ADOPTION OF CODE OF CONDUCT.

B) FINANCING OF MERCHANT MARINES: IT APPEARS SECRETARIAT

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TARIAT HAS MISCHARACTERIZED OECD AGREEMENTS ON SHIP EXPORT FINANCING AND SHIP AIDS. LATTER INTENDED TO REDUCE DISTORTIONS OF COMPETITION RATHER THAN RESTRAIN COMPETITION AS SECRETARIAT IMPLIES. IT APPEARS THIS TOPIC INCLUDED SIMPLY AS ANOTHER HANDLE FOR LDC'S TO GET AT OECD UNDERSTANDINGS THIS SUBJECT.

C) TECHNICAL AND FINANCIAL ASSISTANCE: SUGGESTION FOR

AGREEMENT ON COORDINATION APPEARS STRAINED. IN VIEW OF NEED TO CONSIDER INDIVIDUAL COUNTRY PLANS AND PRIORITIES IN ALLOCATING ASSISTANCE RESOURCES IT NOT CLEAR TO US WHAT SECRETARIAT MAY HAVE IN MIND.

D) PORT ACCESS AND TREATMENT: THIS IS NOT MAJOR PROBLEM AREA AS FAR AS U.S. INTERESTS ARE CONCERNED; AS SECRETARIAT NOTES, THIS MATTER IS NORMALLY COVERED BY BILATERAL TREATIES. WE SEE NO OBJECTION TO MULTILATERALIZATION OF TREATMENT OF PORT ACCESS RELATIONSHIPS ON BASIS CONSISTENT WITH STANDARDS CUSTOMARY IN FCN TREATIES. HOWEVER, ANY INTERNATIONAL STANDARD WOULD HAVE TO TAKE INTO ACCOUNT POLITICALLY-BASED EXCEPTIONS.

E) STATISTICS: WE CONCUR THAT SHIPPING AND INTERNATIONAL CARGO STATISTICS WOEFULLY INADEQUATE; HOWEVER, MUCH EFFORT BEING EXPENDED ON THESE SUBJECTS IN VARIOUS DIFFERENT FORA. BEFORE PROCEEDING ANY FURTHER IN COS (IF IT SHOULD BE DECIDED TO DO SO) IT WOULD BE APPROPRIATE TO REVIEW SUCH EFFORTS TO DETERMINE WHETHER COS COULD PERFORM USEFUL ADDITIONAL WORK. OVERRIDING CONSIDERATION IN ANY FURTHER STATISTICAL WORK WOULD BE TO AVOID IMPOSING ADDITIONAL DOCUMENTATION BURDENS ON WORLD SHIPPING AND TRADE.

(F) LEGAL QUESTIONS: WE CONCUR THAT WIDER ACCEPTANCE OF EXISTING MARITIME CONVENTIONS (E.G. SAFETY, POLLUTION CONTROL) IS DESIRABLE. HOWEVER, INITIATIVE FOR THIS EFFORT MUST APPROPRIATELY COME FROM RESPECTIVE ORGANIZATION (E.G. IMCO) AND IT DUBIOUS THAT UNCTAD HAS ROLE TO PLAY HERE.

4. FREIGHT RATES AND COST CHANGES (COS AGENDA ITEM 5D):  
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THIS MAY PRODUCE FIREWORKS AT COS BECAUSE OF REPORTED SECRETARIAT DIFFICULTIES IN OBTAINING REQUIRED DATA FROM INDIVIDUAL SHIPPING LINES, ESPECIALLY THOSE IN DEVELOPED COUNTRIES. SECRETARIAT DOCUMENTATION IN FACT IS LARGELY EXPLANATION OF THEIR EFFORTS TO COLLECT DATA AND CONTAINS VERY LITTLE OF THE INFORMATION COLLECTED TO DATE. MOST OF SECRETARIAT ALLEGATIONS OF NON-COOPERATION DIRECTED AT EUROPEAN AND JAPANESE SHIPOWNERS RATHER THAN U.S. F.Y.I. WE BELIEVE THEREFORE THAT U.S. NEED NOT GET INTO FOREFRONT OF THIS DISCUSSION. END F.Y.I. NEVERTHELESS WE BELIEVE THAT MUCH OF SECRETARIAT DIFFICULTY ARISES FROM FORM OF QUESTIONNAIRE UTILIZED (WHICH INAPPROPRIATE BECAUSE IT REQUIRES TOO MUCH INFORMATION, RESPONSE IS TOO COSTLY, ETC.). AS TO FURTHER ACTION, IT COULD BE SUGGESTED THAT SECRETARIAT AND SMALL DRAFT-

ING GROUP AT COS PRODUCE REVISED AND SIMPLIFIED QUESTION-NAIRE WHICH HOPEFULLY WOULD ELICIT COOPERATION OF SHIPPING LINES.

5. SHIPPING PRACTICES IN RELATION TO AID (COS AGENDA ITEM 9.3): DISCUSSION IN COS ON THIS SUBJECT MAY BE PARTICULARLY SENSITIVE FOR U.S. IN LIGHT OF U.S. LAWS AND REGULATIONS ESTABLISHING CARGO PREFERENCE FOR AID CARGOES. IT IS CONCEIVABLE MOREOVER THAT LDC'S MAY PROPOSE RESOLUTION ON THIS SUBJECT (E.G. ALONG LINES THAT DONOR COUNTRIES SHOULD UNTIE AID FROM CARGO PREFERENCE OR LIMIT CARGO PREFERENCE TO RECIPIENT COUNTRIES, ETC.). WE RECOGNIZE THAT SOME OF THE B COUNTRIES MAY SUPPORT POSSIBLE LDC MOVE IN THIS DIRECTION. UNCTAD

DOCUMENT ON THIS SUBJECT (TD/B/C/107) IS HELPFUL IN POINTING OUT THAT MOST AID CARGOES - INCLUDING THOSE OF OTHER OECD COUNTRIES - ARE CARRIED ON SHIPS OF AID DONOR COUNTRIES EVEN IN ABSENCE OF FORMAL TYING ARRANGEMENTS. USDEL MAY TACTFULLY HINT THAT WE CONSIDER THIS IMPORTANT POINT AND ONE THAT WE MIGHT WELL EMPHASIZE IN UNCTAD DISCUSSION IF OTHER B COUNTRIES ACT TO ISOLATE U.S. IN ADDITION OUR POSITION WILL AIM AT CORRECTING SOME OF THE ERRONEOUS CONCLUSIONS IN UNCTAD DOCUMENT, ESPECIALLY ITS EVALUATION OF ECONOMIC IMPACT ON LDC'S OF U.S. CARGO PREFERENCE MEASURES. USDEL MAY CITE SPECIFIC EXAMPLES. UNCLASSIFIED

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6. CODE OF CONDUCT FOR LINER CONFERENCES (COS AGENDA ITEM 9.5): USDEL TO COS WILL BE GUIDED BY U.S. POSITION TAKEN AT UN CONFERENCE ON CODE. IN VIEW OF ANALYSIS BEING UNDERTAKEN BY OECD INVISIBLES COMMITTEE AND MTC ON CODE OF CONDUCT INCOMPATIBILITY WITH OECD LIBERALIZATION CODE, WE BELIEVE IT WOULD BE INAPPROPRIATE FOR OECD COUNTRIES AT COS TO SUPPORT POSSIBLE RESOLUTION URGING EARLY RATIFICATION OF CODE.

7. IN ADDITION TO ABOVE SUBJECTS, WE ANTICIPATE THAT COS, AND ESPECIALLY LDC'S, WILL FOCUS ON SOME OF OTHER ISSUES MENTIONED IN UNCTAD DOCUMENTS PREPARED FOR THIS MEETING, NOTABLY: LDC SHARE OF SHIPPING TONNAGE, UNPRECEDENTED FREIGHT RATE INCREASES, AND FINANCING OF SHIP PURCHASES. IN THESE AREAS WE DO NOT EXPECT TO GO BEYOND PREVIOUS UNCTAD RESOLUTIONS AND SECOND DEVELOPMENT DECADE STRATEGY. AS TO RECENT SPECIAL SESSION OF UNGA, USDEL SHOULD MAKE CLEAR THAT U.S. ENTERED A GENERAL AS WELL AS SPECIFIC RESERVATIONS ON THE DECLARATION AND THE PROGRAM OF ACTION ON ESTABLISHMENT OF NEW INTERNATIONAL ECONOMIC ORDER. WE CONSIDER THAT OUR

GENERAL RESERVATION APPLIES TO CERTAIN ASPECTS OF SHIPPING PROVISIONS, NOTABLY THOSE RELATING TO FREIGHT RATES AND TO CODE OF CONDUCT, AND THAT WE THEREFORE NOT BOUND BY THEM.

8. PROCEDURAL MATTERS: USDEL TO COS WILL BE NUMERICALLY SMALL AND WE THEREFORE WILL NOT BE IN POSITION TO ACCEPT GROUP B POSTS. USDEL MAY SUPPORT GROUP B CONSENSUS CHOICE FOR GROUP B COORDINATOR AT COS (PREFERABLY VOSS, DEGROOT, OR CANADIAN).RE-SESSIONAL MEETING PROPOSED BY SECRETARIAT WE NOT YET CONVINCED IT NECESSARY BUT CAN GO ALONG WITH MAJORITY VIEW. POSSIBLE COMPROMISE WOULD BE TO DEFER DECISION ON SUCH A MEETING UNTIL IT BECAME CLEAR THE WORKLOAD AT COS REQUIRED IT. KISSINGER

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